

89-251

Supreme Court, U.S.

FILED

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No. \_\_\_\_\_

**In the  
Supreme Court of the United States**

**October Term, 1989**

EPIC METALS CORPORATION,  
*Petitioner,*

v.

H. H. ROBERTSON COMPANY,  
*Respondent.*

**PETITION FOR A WRIT OF CERTIORARI  
TO THE  
UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT**

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Petitioner, Epic Metals Corporation prays that a writ of certiorari issue to review a judgment of the United States Court of Appeals for the Federal Circuit entered March 28, 1989 at No. 88-1648 which vacated an order of the United States District Court for the Western District of Pennsylvania denying a motion for summary judgment and preliminary injunction and ordering the case to trial.

### **QUESTIONS PRESENTED FOR REVIEW**

1. Where a party moves for summary judgment of patent infringement or, in the alternative, a preliminary injunction and where the district court denies the motion on the grounds (a) a consent judgment between the parties in a prior action does not entirely preclude a challenge to validity and (b) affidavits filed by the parties raise factual issues which need to be resolved by a hearing and enters an order intended to bring the action to trial, does the Court of Appeals for the Federal Circuit have jurisdiction to entertain an appeal, to hold that the district court erred in interpreting the consent judgment and to remand the case to the district court to hold an evidentiary hearing in view of this Court's decision in *Switzerland Cheese Ass'n. v. Horne's Market*, 385 U.S. 23 (1966)?

2. Does Title 28 U.S.C., Section 1292(c)(1) confer jurisdiction on the Court of Appeals for the Federal Circuit to entertain interlocutory appeals which is broader than the jurisdiction conferred on the other courts of appeals by Title 28 U.S.C., Section 1292(a)(1)?

3. Where the parties to a consent judgment in a civil action for patent infringement agree that the consent judgment reserves some right to attack the validity of the patent in later proceedings, is the Court of Appeals for the Federal Circuit free to hold that the consent judgment bars all challenges to validity of the patent contrary to the express intention of the parties in view of this Court's decisions in *United States v. ITT Continental Baking Co.*, 420 U.S. 223. (1975) and *United States v. Armour & Co.*, 402 U.S. 673 (1971)?

**LIST OF PARTIES TO THE PROCEEDING**

The names of all parties to the proceeding appear in the caption.



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**REPORTS OF THE OPINIONS  
OF THE COURTS BELOW**

The opinions of the district court are not reported. They appear in the appendix at 13a and 25a. The opinion of the Court of Appeals is reported at 870 F.2d 1574, 10 USPQ2d 1296, and appears in the appendix at 1a.

**JURISDICTIONAL STATEMENT**

Petitioner seeks review of a judgment of the Court of Appeals for the Federal Circuit entered March 28, 1989 (11a). A timely petition for rehearing was denied by an Order dated May 4, 1989 (12a). Jurisdiction of this Court is invoked under 28 U.S.C. §1254(1).

## STATUTES INVOLVED

### Title 28 U.S.C. Section 1292:

“(a) Except as provided in subsections (c) and (d) of this section, the courts of appeals shall have jurisdiction of appeals from:

“(1) Interlocutory orders of the district courts of the United States, the United States District Court for the District of the Canal Zone, the District Court of Guam, and the District Court of the Virgin Islands, or of the judges thereof, granting, continuing, modifying, refusing or dissolving injunctions, or refusing the dissolve or modify injunctions, except where a direct review may be had in the Supreme Court;

\* \* \* \* \*

“(c) The United States Court of Appeals for the Federal Circuit shall have exclusive jurisdiction—

“(1) of an appeal from an interlocutory order or decree described in subsection (a) or (b) of this section in any case over which the court would have jurisdiction of an appeal under section 1295 of this title; and . . .”

### 28 U.S.C. Section 1295:

“(a) The United States Court of Appeals for the Federal Circuit shall have exclusive jurisdiction—

“(1) of an appeal from a final decision of a district court of the United States, \*\*\* if the jurisdiction of that court was based, in whole or in part, on section 1338 of this title, \*\*\*.”

### 28 U.S.C. Section 1338:

“(a) The district courts shall have original jurisdiction of any civil action arising under any Act of

Congress relating to patents, plant variety protection, copyrights and trade-marks. Such jurisdiction shall be exclusive of the courts of the states in patent, plant variety protection and copyright cases."

## STATEMENT OF THE CASE

This is a civil action (No. 86-1714 in the Western District of Pennsylvania) in which petitioner Epic\*, appellee below, seeks a declaratory judgment that the Fork Patent is invalid and is not infringed by a cable trench manufactured by Epic. Jurisdiction of the district court was invoked under 28 U.S.C. §1338.

At an earlier time, Robertson had charged Epic with infringement of the Fork patent because Epic had purchased trench product from Butler Manufacturing Company and had resold the Butler trench as a component of a larger order. The controversy was resolved when Robertson filed a civil action against Epic (No. 85-1265 in the Western District of Pennsylvania) which was terminated by a consent judgment negotiated between the parties (App. 25-30a). The Fork patent was held valid over certain enumerated items of prior art (Par. 3). Epic was enjoined from infringement (Par. 4). Epic reserved the right to contest infringement of a possible future product illustrated in Exhibit A to the consent judgment on the ground that the Exhibit A structure follows the prior art or is an obvious modification of the prior art (Par. 8), and Robertson released Epic and its customers from all claims for damages (Par. 9).

Subsequently, Robertson filed a petition for rule to show cause why Epic should not be held in contempt of the consent judgment by reason of manufacture and sale of the

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\*Petitioner Epic Metals Corporation is generally referred to in this petition as "Epic", respondent H. H. Robertson Company is generally referred to as "Robertson", and Fork Patent 3,721,051, issued March 20, 1973, for "Bottomless Sub-Assembly For Producing An Underfloor Electrical Cable Trench" and owned by Robertson is generally referred to as "the Fork patent".

Exhibit A structure. Epic opposed the petition and filed the present declaratory judgment action relying on newly found prior art outside the scope of the consent judgment. The district court denied the contempt petition "finding that there are substantial open issues to be litigated in the matter" and held that the dispute should be resolved in the present declaratory judgment action (App. 15a).

More than a year later, Robertson moved for entry of summary judgment in the present action based on the consent judgment in the earlier action (App. 16a). Epic opposed the motion with supporting affidavits which showed that the trench then being made by Epic as illustrated in Exhibit A to the consent judgment followed the prior art as admitted in the Fork patent. By opinion and order dated April 21, 1988, the district court denied Robertson's motion, holding that the record did not carry Robertson's burden on the motion (App. 13a, 24a).

Robertson filed a motion to amend the findings, to make additional findings, and to amend the judgment. That motion was supported by further affidavits. The district court filed a further opinion and order on August 31, 1988, denying the motion (App. 31a, 47a). The district court held that Robertson's affidavits were untimely and also that they raised factual issues relating to validity, infringement and irreparable harm. The district court concluded that "for reasons of judicial economy, any analysis of the merits of Epic's claims of invalidity should be done in the context of a final and complete hearing" (App. 43a).

Robertson appealed from the orders of April 21 and August 31, 1988. Promptly after the appeal was docketed, Epic, pursuant to Federal Circuit Rule 27(5)(c), moved to dismiss the appeal for lack of jurisdiction on the authority of *Switzerland Cheese Ass'n. v. Horne's Market*, 385 U.S.



23 (1966). In its opinion (App. 1a), the Court of Appeals disposed of the motion and retained jurisdiction on the following grounds (App. 4a).

"District court orders granting or denying preliminary injunctions are appealable under 28 U.S.C. §1292(c)(1) (Supp. IV 1986). In patent cases, this court has exclusive jurisdiction over such appeals. *See, e.g., Smith Int'l. Inc. v. Hughes Tool Co.*, 718 F.2d 1573, 1579, 219 USPQ 686, 691 (Fed. Cir.), *cert. denied*, 464 U.S. 996 (1983)."

A majority of the panel (Bennett and Bissell, JJ.) held that the consent judgment in the earlier action bars Epic from relitigating validity in any respect.

The majority opinion states:

"The district court abused its discretion by erring as a matter of law in not precluding Epic from relitigating validity." (7a).

The court of appeals vacated the order of the district court and remanded the action to the district court (App. 11a).

The concurring opinion (Newman, J.), however, states:

"The district court correctly held that 'Epic has some latitude' and 'is not entirely foreclosed' from arguing invalidity in the future." (App. 9a).

## ARGUMENT

**I. The Federal Circuit's Decision Conflicts With This Court's Decision in *Switzerland Cheese Ass'n. v. Horne's Market*.**

(1) The decision of the district court is grounded on its determination that there are genuine issues of material fact which can only be resolved by trial. In the course of its opinion, the district court expressed the view that Epic was not entirely foreclosed from contesting validity by the consent judgment. That right was also conceded by Robertson (App. 38a). The district court entered an order calculated to bring the action to trial on the merits.

(2) Prior to this Court's decision in *Switzerland Cheese Association v. Horne's Market*, 385 U.S. 23 (1966), there had been a conflict in decisions of the courts of appeals as to whether denial of an injunction because of the existence of genuine issues of material fact constituted an appealable order within the meaning of 28 U.S.C. Section 1292(a)(1). The conflict of circuits was noted by the court of appeals in *Switzerland Cheese Association v. Horne's Market*, (1st Cir., 1965) which held that the spirit of Section 1292(a)(1) was against an interlocutory appeal citing supporting cases in other circuits; 351 F.2d, at 553. See also the majority and dissenting opinions in *Federal Glass Co. v. Loshin*, 217 F.2d 936 (2nd Cir., 1954) and *Peter Pan Fabrics Inc. v. Dixon Textile Corp.*, 280 F.2d 800 (2d Cir. 1960).

The conflict was resolved by this Court's decision in *Switzerland Cheese Association v. Horne's Market* which held that denial of a motion for summary judgment and for an injunction because there are unresolved issues of

fact is not an appealable order within the meaning of Section 1292(a)(1).

(3) In this case, Epic moved to dismiss the appeal for lack of jurisdiction on the authority of *Switzerland Cheese Ass'n*. The court of appeals denied the motion, however, and its opinion simply disregards this Court's decision (App. 4a). The court of appeals thereby took jurisdiction of an interlocutory appeal from an order which denied a motion for summary judgment and preliminary injunction because of the existence of genuine issues of material fact. The court of appeals expressed its opinion on what the law of the case ought to be and then remanded the case to the district court for trial. The result is that the court of appeals has done no more than to issue an advisory opinion and to leave the case procedurally just as it had been before the appeal. Petitioner submits that the action of the court of appeals violates the Federal policy against piecemeal appeals.

(4) The questions raised herein are of public importance and extend far beyond the interests of the litigants to this action. The effect of the decision below is to create a different standard for appealability of interlocutory orders in patent cases than exists in civil actions generally. Specifically, the decision below permits the Court of Appeals for the Federal Circuit to entertain interlocutory appeals from orders setting cases for trial and to issue advisory opinions to the district courts instructing them what legal decisions are to be applied at the trial prior to entry of an otherwise appealable order.

Petitioner submits that the decision of the court of appeals in this case is flatly contrary to the rule established by this Court in *Switzerland Cheese Association* with the other Court of Appeals. Petitioner further submits that if a

different rule is to be established for the Court of Appeals for the Federal Circuit in patent cases that change should be by a definitive opinion from this Court and not by a decision from the Court of Appeals for the Federal Circuit which is at variance with this Court's earlier decision.

(5) Under 28 U.S.C. Sections 1292 and 1295, every civil action arising under the patent laws, 28 U.S.C. Section 1338, is appealable only to the Court of Appeals for the Federal Circuit and not to any of the other court of appeals. Because the Court of Appeals for the Federal Circuit has exclusive jurisdiction in patent infringement actions, there is no possibility for the issue to be passed upon by other courts of appeals or for harmonizing decisions to evolve from decisions by different courts of appeals. Petitioner submits that the issue should be resolved by this Court at this time.

## **II. The Federal Circuit's Decision Impermissibly Broadens The Scope Of 28 U.S.C. 1292(c)(1).**

Petitioner submits that under *Switzerland Cheese Association* there is no right of appeal under 28 U.S.C. 1292(a)(1) where the refusal to grant injunctive relief is based upon a determination that there are genuine issues of material fact. The decision of the Court of Appeals for the Federal Circuit in this case flatly holds that such orders are appealable in patent cases under 28 U.S.C. Section 1292(c)(1) without regard to this Court's decision in *Switzerland Cheese Ass'n*. The necessary effect of the decision herein is to hold that the jurisdiction of the Court of Appeals for the Federal Circuit under 1292(c)(1) is broader than the jurisdiction of the other Courts of Appeals under Section 1292(a)(1). Petitioner submits that if the statute is to be construed in that fashion it should result from a decision of this Court and not by a decision of the Court of

Appeals for the Federal Circuit which otherwise is in conflict with *Switzerland Cheese Association*.

**III. The Federal Circuit's Decision Disregards The Rules For Construction Of Consent Judgments Set Forth In Controlling Decisions Of This Court.**

(1) Paragraph 3 of the consent judgment (App. 25a) provides:

3. Subject to sentence two of this paragraph, United States Letters Patent No. 3,721,051 was lawfully granted by the United States Patent and Trademark Office after due consideration. Claims 1, 2, 4, 6, 8, 9, 13 and 14 of said United States Letters Patent No. 3,721,051 are valid over the prior art before the United States Patent and Trademark Office during the pendency of said United States Letters Patent No. 3,721,051, and the prior art considered by the United States District Court in the trial involving said patent, *H. H. Robertson Company v. Bargar Metal Fabricating Co., et al.*, Civil Action No. C'80-1166, in the North District of Ohio in March 1984.

The effect of the decision of the court of appeals is to amend paragraph 3 by deleting and cancelling the first clause and all reference to prior art in the second sentence. As construed by the court of appeals, paragraph 3 was amended to read:

United States Letters Patent No. 3,721,051 was lawfully granted by the United States Patent and Trademark Office after due consideration. Claims 1, 2, 4, 6, 8, 9, 13 and 14 of Said United States Letters Patent No. 3,721,051 are valid.

It cannot be presumed that the parties knowingly would have included the remaining language of paragraph 3 in

the judgment as entered if they had intended the judgment to be construed as if the language did not appear.

The orders appealed from in this action and the consent judgment in the earlier action were all entered by Chief Judge Cohill. The decision of the Court of Appeals thus presents the anomalous result of vacating Chief Judge Cohill's orders in this action on the implicit view that he did not understand the consent judgment which he entered in the earlier action.

(2) This Court has consistently held that a consent judgment is in the nature of a contract between the parties to the consent judgment and that it should be interpreted in accordance with the meaning and intention of the parties; *United States v. ITT Continental Baking Co.*, 420 U.S. 223, 238 (1975); *United States v. Armour & Co.*, 402 U.S. 673, 681 (1971). It was conceded by Robertson that Epic retained some "right to attack the validity of the patent" and the district court so found (App. 38a). The court of appeals, however, held that the finding of the district court constituted an abuse of discretion (App. 7a). The effect of the decision of the court of appeals is to establish a rule respecting consent judgments in patent cases which obviates this Court's decisions in *United States v. ITT Continental Baking Co.* and *United States v. Armour & Co.*

(3) Petitioner submits that if the rule for construction of consent judgments as laid down by prior decisions of this Court is to be modified or changed for patent infringement actions such a change should be made by a definitive decision of this Court. Such a change should not be made by a series of decisions of the Court of Appeals for the Federal Circuit which will carve out special exceptions for patent cases.

(4) There is a public interest in the construction of consent decrees in patent cases which goes beyond the interest of the parties to this action. Patent infringement litigation is notoriously expensive and has been used in many instances to exert economic coercion on a business competitor. There is, therefore, a strong incentive to resolve a dispute by a consent judgment, especially where the value of the disputed matter to the putative infringer is less than the amount which would be required to defend and vindicate his position. The effect of the decision of the court of appeals is to make it difficult or impossible for a defendant having a marginal interest in a patent to resolve the issue on a reasoned business analysis by means of a consent judgment. The practice followed by the court of appeals herein places a premium on coercive litigation by one firm against a smaller competitor by making it uncertain that an understanding of the parties can be incorporated in a consent judgment and by requiring that a consent judgment be construed as if it had been entered following contested litigation.

### CONCLUSION

The issues raised are real and substantial ones affecting the conduct of patent infringement actions. The issues are of public importance which go beyond the interests of the litigants to this action and they meet this Court's criteria for the granting of this petition.

Respectfully submitted,

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# United States Court of Appeals

FOR THE FEDERAL CIRCUIT

88-1648

EPIC METALS CORPORATION,

*Plaintiff-Appellee,*

v.

H. H. ROBERTSON COMPANY,

*Defendant-Appellant.*

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DECIDED: March 28, 1989

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Before NEWMAN, *Circuit Judge*, BENNETT, *Senior Circuit Judge*, and BISSELL, *Circuit Judge*.

BISSELL, *Circuit Judge*.

H. H. Robertson Company (Robertson) appeals from an order of the United States District Court, *Epic Metals Corp. v. H. H. Robertson Co.*, No. 86-1714 (W.D. Pa. April 21, 1988), denying Robertson's motion to preliminary enjoin Epic Metals Corporation (Epic) from allegedly infringing United States Patent No. 3,721,051 ('051), and from an order of the court, *Epic Metals Corp. v. H. H. Robertson Co.*, No. 86-1714 (W.D. Pa. August 31, 1988), denying Robertson's Federal Rule of Civil Procedure 52(b) motion. We vacate and remand.

## BACKGROUND

Robertson, the assignee of the '051 patent that claims an electrified floor structure, sued Epic in 1985 alleging infringement of that patent by Epic's sale of various trench

sub-assemblies (1985 infringement suit). In settlement of the 1985 infringement suit, the district court entered a consent judgment providing, in pertinent part, that:

It is hereby ORDERED, ADJUDICATED AND DECREED, that a final judgment in favor of plaintiff Robertson and against defendant Epic is hereby granted and entered in this action as follows:

....

3. Subject to sentence two of this paragraph, United States Patent No. 3,721,051 was lawfully granted by the United States Patent and Trademark Office after due consideration. Claims 1, 2, 4, 6, 8, 9, 13 and 14 of said United States Letters Patent No. 3,721,051 are valid over the prior art before the United States Patent and Trademark Office during the pendency of said United States Letters Patent No. 3,721,051, and the prior art considered by the United States District Court in the trial involving said patent, *H. H. Robertson Company v. Bargar Metal Fabricating Co.*, [225 USPQ 1191 (N.D. Ohio 1984)] in the Northern District of Ohio in March 1984.

4. Defendant Epic has infringed and contributorily infringed United States Letters Patent No. 3,721,051. Specifically, Epic has infringed said Letters Patent by actively inducing others to assemble the components of bottomless electrical cable trench sub-assemblies, which Epic has referred to as "intermittent trench" and "IBT trenchduct". . . .

....

8. The parties do not by this Consent Judgment take a position on whether or not the trench components and resulting assembled electrified floor structure substantially as illustrated in Exhibit A attached hereto, which

Epic may or may not make in the future, would be an infringement or a contributory infringement of United States Letters Patent No. 3,721,051, Defendant reserves the right to contest infringement of the structure as illustrated in Exhibit A on the basis that it is following the prior art or is an obvious modification of the prior art.

*H. H. Robertson Co. v. Epic Metals Corp.*, No. 85-1265, slip op. at 1-3 (W.D. Pa. June 12, 1985).

On August 12, 1986, Epic filed a declaratory judgment action seeking a determination that the '051 patent is invalid and that the Exhibit A floor structure does not infringe that patent. Robertson moved for summary judgment on validity and infringement or, in the alternative, for a preliminary injunction. In denying the summary judgment motion, the district court construed paragraph 8 of the consent judgment as including an express reservation by Epic to challenge the validity of the '051 patent on the basis of prior art not before the court in *H. H. Robertson Co. v. Bargar Metal Fabricating Co.*, 225 USPQ 1191 (N.D. Ohio 1984), or before the United States Patent and Trademark Office. *Epic Metals*, No. 86-1714, slip op. at 6-10 (W.D. Pa. April 21, 1988). Based on this perceived express reservation and applying principles of claim preclusion, the court held that the consent judgment did not bar Epic from litigating the '051 patent's validity. *Id.* Additionally, it denied the preliminary injunction motion because no likelihood of success on validity had been shown. *Id.* at 10-12. The court made no other determinations.

Robertson moved under Federal Rule of Civil Procedure 52(b) to amend the court's findings, to make additional findings, and to amend the April 21, 1988 order.

Although the court denied the motion, it amended the conclusion underlying the original order; the court construed the consent judgment as expressly reserving Epic's right to challenge the validity of the '051 patent on the basis of prior art not reasonably known by Epic at the time the consent judgment was entered. *Epic Metals*, No. 86-1714, slip op. at 9-13 (W.D. Pa. August 31, 1988). The court further concluded that, under claim preclusion, Epic's partial reservation prevented the consent judgment from barring a claim of invalidity. *Id.* at 10. The court also determined that issue preclusion applied only to prior art actually referenced in paragraph 3 of the consent judgment. *Id.* at 10-12. Robertson appeals the denial of the preliminary injunction motion.

## ISSUES

1. Whether the doctrine of res judicata bars subsequent litigation of the '051 patent's validity.
2. Whether the district court abused its discretion in denying the preliminary injunction on the basis that no likelihood of success on validity had been shown.

## OPINION

### I.

District court orders granting or denying preliminary injunctions are appealable under 28 U.S.C. § 1292(c)(1) (Supp. IV 1986). In patent cases, this court has exclusive jurisdiction over such appeals. *See, e.g., Smith Int'l, Inc. v. Hughes Tool Co.*, 718 F.2d 1573, 1579, 219 USPQ 686, 691 (Fed. Cir.), *cert. denied*, 464 U.S. 996 (1983).

## II.

The Supreme Court in *Nevada v. United States*, 463 U.S. 110, 129-30 (1983), stated:

Simply put, the doctrine of res judicata provides that when a final judgment has been entered on the merits of a case, "[i]t is a finality as to the claim or demand in controversy, concluding parties and those in privity with them, not only as to every matter which was offered and received to sustain or defeat the claim or demand, but as to any other admissible matter which might have been offered for that purpose." *Cromwell v. County of Sac*, 94 U.S. 351, 352 (1877). The final "judgment puts an end to the cause of action, which cannot again be brought into litigation between the parties upon any ground whatever." *Commissioner v. Sunnen*, 333 U.S. 591, 597 (1948).

In applying the doctrine of res judicata in this case, we must look to Third Circuit law, see *Hartley v. Mentor Corp.*, No. 8-1641, slip op. at 2 n.1 (Fed. Cir. March 14, 1989) (stating that application of principles of res judicata is not a matter committed to the exclusive jurisdiction of the Federal Circuit), to determine if consent judgments have the same force and effect as judgments entered after a trial on the merits. They do. *Interdynamics, Inc. v. Firma Wolf*, 653 F.2d 93, 96-97, 210 USPQ 868, 871 (3d Cir.), cert. denied, 454 U.S. 1092 (1981).

The district court here correctly recognized that a party may expressly reserve in a consent judgment the right to relitigate some or all issues that would have otherwise been barred between the same parties. *Epic Metals*, No. 86-1714, slip op. at 9 (W.D. Pa. April 21, 1988) (citing *United States v. Athlone Industries, Inc.*, 746 F.2d 977, 983

n.5 (3d Cir. 1984)); *see also* Restatement (Second) of Judgments § 26(1)(a) & comment a (1982) (stating that parties may agree or consent to withdraw and reserve part of a claim for subsequent actions). Any such reservation must be discerned within the four corners of the consent decree, and cannot be expanded beyond the decree's express terms. *See United States v. Armour & Co.*, 402 U.S. 673, 681-83 (1971).

Robertson's present claim for infringement by the Exhibit A floor structure is not a new claim or a new cause of action. The Exhibit A floor structure was before the court in the 1985 infringement suit and was a part of the consent judgment. Any judgment declaring the '051 patent infringed by the Exhibit A floor structure would include, as a matter of law, a determination that the '051 patent is valid and enforceable. *See Young Eng'rs, Inc. v. United States Int'l Trade Comm'n*, 721 F.2d 1305, 1316, 219 USPQ 1142, 1152 (Fed. Cir. 1983). With respect to a consent judgment covering infringement by the Exhibit A floor structure, any issue relating to the claim of infringement by that device, including the validity of the '051 patent, that is not expressly reserved is barred in future litigation between the parties. *Cf. id.* (explaining that, for purposes of claim preclusion in a second suit, an infringement claim embraces only the specific device(s) before the court in the first suit).

Epic's contention that the recitation of specific prior art in paragraph 3 of the consent judgment operates as an express reservation to relitigate validity with respect to any device, including the Exhibit A floor structure, is without merit. The only express reservation with respect to an Exhibit A infringement action is found in paragraph 8 and provides; "[Epic] reserves the right to contest infringement

of the structure substantially as illustrated in Exhibit A on the basis that it is following the prior art or is an obvious modification of the prior art." *H. H. Robertson*, No. 85-1265, slip op. at 2 (W.D. Pa. June 12, 1985). This reservation refers only to contesting an Exhibit A floor structure infringement action on two grounds—the Exhibit A floor structure is following, or is an obvious modification of, the prior art. No other basis for contesting infringement by the Exhibit A floor structure, including validity of the '051 patent, was reserved.

The district court erred in construing the consent judgment as allowing Epic, in contesting infringement by its Exhibit A floor structure, to challenge validity on the basis of unknown prior art. In the 1985 infringement suit, Epic had a fair and full opportunity to challenge the '051 patent's validity or to reserve for subsequent litigation its right to contest, without qualification, infringement of the '051 patent by the Exhibit A floor structure. Epic made no such reservation; it is now barred from contesting infringement based on the '051 patent's invalidity.

### III.

The district court denied Robertson's preliminary injunction motion because no likelihood of success on validity had been shown. The grant or denial of a preliminary injunction is within the sound discretion of the district court. *H. H. Robertson, Co. v. United Steel Deck, Inc.*, 820 F.2d 384, 387, 2 USPQ2d 1926, 1927 (Fed. Cir. 1987). The district court abused its discretion by erring as a matter of law in not precluding Epic from relitigating validity. Because the district court made no other determinations as to the preliminary injunction, see *Pretty Punch Shoppettes, Inc. v. Hawk*, 844 F.2d 782, 785, 6 USPQ2d 1563, 1565

(Fed. Cir. 1988), we vacate the district court's order and remand. *See H. H. Robertson*, 820 F.2d at 387, 2 USPQ2d at 1927 (stating requirements for preliminary injunctive relief in patent cases).

#### **COSTS**

Each party is to bear its own costs.

#### **VACATED AND REMANDED**



# United States Court of Appeals

FOR THE FEDERAL CIRCUIT

88-1648

EPIC METALS CORPORATION,

*Plaintiff-Appellee,*

v.

H. H. ROBERTSON COMPANY,

*Defendant-Appellant.*

NEWMAN, *Circuit Judge*, concurring.

I reach the same result as does the majority of the panel, insofar as it relates to the requested preliminary injunction. However, I do not believe that Epic is barred from all challenge to patent validity as defense to the asserted infringement by the structure shown in Exhibit A.

Paragraph 3 of the consent judgment states that Epic consented to validity on all grounds that were before either the patent office or the court in *H. H. Robertson Co. v. Bargar Metal Fabricating Co.*, 225 USPQ 1991 (N.D. Ohio 1984). While Paragraph 3 does not specifically state that the consent judgment does not extend to grounds that were not before the patent office or the *Bargar* court, that is its plain meaning. The district court correctly held that Epic “has some latitude” and “is not entirely foreclosed” from arguing invalidity in the future. *Epic Metals Corp. v. H. H. Robertson Co.*, No. 86-1714, slip op. at 9, 10, (W.D. Pa. August 31, 1988).

I believe the district court correctly construed the contract in its second order, *id.*, and in its holding that Epic is

not foreclosed from raising the limited challenge to validity authorized by Paragraph 3, in defense of this infringement action brought by virtue of Paragraph 8. The district court did not immunize the asserted infringement by the structure shown in Exhibit A from such defense, as a matter of either claim preclusion or issue preclusion; nor would I. Thus the district court allowed Epic to raise the defense of invalidity based on prior art that was not before the *Bargar* court or the patent office.

However, such new prior art is sparse indeed. When viewed in light of its cumulative nature as well as decisions of other courts holding that the patent had not been proved invalid, including the decision in *H. H. Robertson Co. v. Mac-Fab Products, Inc.*, Civ. No. 85-2678-C (E.D. Mo. May 20, 1988), it is apparent that H. H. Robertson is likely to prevail on the merits of the issue of validity. The district court erred in holding otherwise. Thus I agree with the panel majority that the case should be remanded for determination of whether the other requirements have been met for the grant of preliminary injunction. *See generally H. H. Robertson Co. v. United Steel Deck, Inc.*, 820 F.2d 384, 387, 2 USPQ2d 1926, 1927 (Fed. Cir. 1987).

11a

**United States Court of Appeals**  
FOR THE FEDERAL CIRCUIT

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**88-1648**

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EPIC METALS CORPORATION,

*Plaintiff-Appellee,*

v.

H. H. ROBERTSON COMPANY,

*Defendant-Appellant.*

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**JUDGMENT**

ON APPEAL from the United States District Court for  
the Western District of  
Pennsylvania

in CASE NO(S). C.A. 86-1714

This CAUSE having been heard and considered, it is

ORDERED and ADJUDGED:

VACATED AND REMANDED

ENTERED BY ORDER  
OF THE COURT

/s/ FRANCIS X. GINDHART

Francis X. Gindhart

Clerk

Dated: March 28, 1989

**United States Court of Appeals**  
FOR THE FEDERAL CIRCUIT

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**88-1648**

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EPIC METALS CORPORATION,

*Plaintiff-Appellee,*

v.

H. H. ROBERTSON COMPANY,

*Defendant-Appellant.*

**ORDER**

Before NEWMAN, Circuit Judge, BENNETT, Senior Circuit Judge, and BISSELL, Circuit Judge.

A petition for rehearing having been filed in this case,  
UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for rehearing be, and the same hereby is, denied.

The suggestion for rehearing in banc is under consideration.

FOR THE COURT,

/s/ FRANCIS X. GINDHART .

Francis X. Gindhart

*Clerk*

Dated: May 4, 1989

IN THE  
**United States District Court**  
 FOR THE WESTERN DISTRICT OF PENNSYLVANIA

EPIC METALS CORPORATION,  
*Plaintiff,*

v.

H. H. ROBERTSON COMPANY,  
*Defendant.*

Civil Action  
 No 86-1714

**MEMORANDUM OPINION**  
 (Filed April 21, 1988)

COHILL, C.J.

Presently before us are defendant H. H. Robertson Company's ("Robertson") Motions for Summary Judgment on Validity and Infringement or, in the Alternative, for a Preliminary Injunction. At issue are U. S. Patent No. 3,721,051 (the "Fork patent"), which belongs to Robertson and describes an electrical wiring distributing floor structure, and a Consent Judgment entered into by Robertson and plaintiff Epic Metals Corporation ("Epic") at Civil Action No. 85-1265, where Robertson had brought suit against Epic based on claims that Epic infringed and contributorily infringed Robertson's Fork patent. Robertson, by its present motion, asks this Court to determine that an electrified floor structure sold by Epic for installation in the Citibank Building near Rochester, New York, subsequent to the Consent Judgment, infringes the Fork patent, whereby summary judgment or a preliminary injunction is warranted. For the reasons set forth below, we will deny the motion.

### Background

The Consent Judgment, drafted by the parties, was signed by this Court on June 12, 1985, and is attached hereto as "Appendix A." It provides, relevant to the instant controversy that:

1) Claims 1, 2, 4, 6, 8, 9, 13 and 14 of the Fork Patent are valid over the prior art before the United States Patent and Trademark Office ["PTO"] during the pendency of the Fork patent, as well as the prior art considered by the United States District Court in the trial involving the Fork patent at *H. H. Robertson Company v. Bargar Metal Fabricating Co. and Conduflor Corporation*, 225 U.S.P.Q. 1191 (N.D. Ohio, 1984), Consent Judgment, ¶3;

2) Epic has infringed the Fork patent by actively inducing others to assemble the components of bottomless electrical cable trench sub-assemblies, which Epic has referred to as "intermittent trench" and "IBT trenchduct," in combination with metal cellular flooring to provide electrified floor structures described by the aforementioned valid claims of the fork patent, and Epic has contributorily infringed the Fork patent by selling trench components which cooperate to form such sub-assemblies, *Id.* at ¶4;

3) Epic is enjoined from infringement and contributorily infringement of the Fork patent, *Id.* at ¶¶5-6); and

4) Robertson and Epic do not take a position by the Consent Judgment as to whether certain trench components and resulting assembled electrified floor structure substantially as illustrated in Exhibit A to the Consent Judgment (hereinafter "Exhibit A floor structure") would be an infringement of the Fork patent. *Id.* at ¶8; and

5) Epic expressly "reserves the right to contest infringement of the structure substantially as illustrated in Exhibit A in the basis that it is following the prior art or in an obvious modification of the prior art." *Id.*

Following the entry of the Consent Judgment, Robertson learned that Epic had made and sold an electrified floor structure for installation in the Citibank Building near Rochester, New York that is similar to the Exhibit A floor structure. Based on this information, Robertson filed a petition with this Court on July 7, 1986 at Civil Action No. 85-1265, seeking the initiation of civil contempt proceedings against Epic for alleged violation of the Consent Judgment. On August 12, 1986, Epic filed, along with a response in opposition to this petition, the above-captioned declaratory judgment action seeking a determination that the Fork patent is invalid because of obviousness and that the Exhibit A floor structure used in the Citibank Building does not infringe the Fork patent.

On September 5, 1986, this Court heard arguments on Robertson's contempt petition and denied the petition, finding that there are substantial open issues to be litigated in the matter and that contempt proceedings would be inappropriate for resolving the dispute. We identified as one of the substantial open issues "the status of the trench components and resulting assembled electrified floor structure illustrated in Exhibit A of the Consent Judgment, since the parties specifically agreed in Paragraph 8 of the Consent Judgment not to take a position at that time regarding infringement of said components and structure." We further indicated that the above-captioned declaratory judgment action, rather than a contempt proceedings, would provide the proper setting for resolution of the parties' dispute.

It is within this suggested framework that Robertson has filed its present motion. Robertson argues first that it is entitled to summary judgment in Epic's declaratory judgment action because the Consent Judgment removes any issues concerning the invalidity of the Fork patent through operation of *res judicata*. Robertson correctly observes that consent judgments have the same force and effect of a judgment entered after a trial on the merits and, further, that in patent cases, consent judgments entered in settlement of an infringement action are *res judicata* of all issues that were raised or could have been raised. See *Interdynamics, Inc. v. Firma Wolf*, 653 F.2d 93 (3d Cir.), *cert. denied*, 454 U.S. 1092, 102 S.Ct. 1972, 70 L.Ed.2d 631 (1981). In this regard Robertson contends that Epic only asserts two patents, U.S. Patents Nos. 2,689,775 ("the '775 patent") and 3,144,505 ("the '505 patent"), as prior art which renders the Fork patent invalid and was not included in the Consent Judgment's recitation of the prior art over which the Fork patent was agreed to be valid. Robertson further argues that at the time of the Consent Judgment these two patents could have been found by Epic through an ordinary assignment search under Robertson's name in the Patent Office; therefore, Robertson contends, these two patents could have been raised in the negotiation of the Consent Judgment and any present examination of their effect as prior art on the Fork patent's validity is precluded by *res judicata*.

In the alternative, Robertson argues that it is at least entitled to a preliminary injunction enjoining Epic from infringing the Fork patent through manufacture, sale, etc. of the Exhibit A floor structure. Robertson acknowledges that part of the burden which it bears in moving for an injunction is the showing of a reasonable probability of



eventual success in the litigation of the validity of the Fork patent. See *H. H. Robertson Company v. United Steel Deck, Inc.*, 820 F.2d 384 (Fed. Cir. 1987); *Eli Lilly and Co. v. Premo Pharmaceutical Labs, Inc.*, 630 F.2d 120 (3d Cir.) cert. denied, 449 U.S. 1014, 101 S.Ct. 573, 66 L.Ed.2d 473 (1980).

Robertson contends that this burden is met, though, through two bases. First, Robertson claims, the *res judicata* effect of Consent Judgment forecloses any further inquiry into the possible invalidity of the Fork patent, thereby establishing its validity. Robertson also asserts that the validity of the Fork patent is established through two previous court decisions *Bargar, supra*, and *United Steel Deck, supra* wherein the United States District Court for the Northern District of Ohio and the United States Court of Appeals for the Federal Circuit, respectively, held the Fork patent to be valid over prior art.

## Discussion

### A. *Res Judicata* Effect of Consent Judgment

Epic has argued in response to Robertson's motion for summary judgment that the *res judicata* effect of the Consent Judgment is limited insofar as the Consent Judgment, "by its express terms, . . . states that certain claims of the Fork patent are valid over the prior art before the [PTO] during the pendency of the Fork patent and the prior art considered in . . . the *Bargar* case;" therefore "clearly [reserving] the question of whether the Fork patent is invalid based upon prior art that was not before the [PTO] or the *Bargar* court]." Epic's Brief in Opposition to Robertson's Motion for Summary Judgment and Preliminary Injunction, pp. 12-13. Epic contends that this specific language precludes any argument that the Consent Judgment,

through *res judicata*, operates to bar claims of invalidity based upon prior art which Epic knew or should have known about at the time the Consent Judgment was entered. We agree.

We note at the outset that Robertson's *res judicata* arguments are better characterized as arising under the principles of "claim preclusion," although Robertson speaks in terms of barring relitigation of "issues" of validity. *Res judicata*, in its broadest application, involves principles of both issue and claim preclusion; issue preclusion, which is more properly known as collateral estoppel, refers to the effect of a judgment in foreclosing all relitigation of all matters that were actually and necessarily determined in a prior suit, while claim preclusion refers to the preclusive effect of a judgment in barring relitigation of the same causes of action. *Purter v. Heckler*, 771 F.2d 682, 689 n. 5 (3d Cir, 1985).

We say that claim preclusion is the more appropriate avenue for Robertson's assertion that Epic is precluded from litigating issues of the Fork patent's validity, based on prior art about which it knew or should have known at the time of the Consent Judgment, because consent decrees do not usually result from actual litigation and judicial determination of the underlying issues; therefore consent judgments will be issue preclusive only where the parties clearly intend such a result. See *Kaspar Wire Work, Inc. v. Leco Engineering & Machine, Inc.*, 575 F.2d 530, 542 (5th Cir. 1978) (a consent decree on a patent case is not issue preclusive; i.e., it does not act as collateral estoppel, in the absence of clear evidence concerning the parties' intention, including specific reference to the issues that it was intended to preclude); J. Moore, J. Lucas & T. Currier, 1B

Moore's Federal Practice ¶0.444[1] at 795 (1984) [hereinafter "Moore's Federal Practice"] (in a consent decree, the intent of parties is looked to in determining which issues are concluded for purposes of collateral estoppel). Here, the Consent Judgment does not address the prior art which Epic seeks to use in proving the Fork invalid; therefore no actual consideration of these items of prior art took place in the negotiation of the Consent Judgment and collateral estoppel has no application. Moreover, we read the Consent Judgment as Epic suggests; the reservation in ¶8 of Epic's right to challenge the Fork patent's validity based upon prior art combined with the description in ¶2 of the specific prior art over which the Fork patent was agreed to be valid clearly reserves for future consideration the issue of whether other prior art might render the Fork patent. Thus, the express intent of the parties forecloses any argument Robertson might have to preclusion of Epic's present validity issues through collateral estoppel.

Claim preclusion, on the other hand, does operate to bar any claims or defenses which were or could have been asserted in a prior action. 1B Moore's Federal Practice ¶0.405[1] at 178-79 (*res judicata*, in terms of claim preclusion, operates as a bar preventing relitigation of all grounds for, or defenses to, recovery that were then available to the parties before the particular court rendering the judgment, in relation to the same claim, regardless of whether all grounds for recovery or defenses were judicially determined). It is based on the general principle that "[w]hen one has been given the opportunity to fully present his case in a court and the contested issue is decided against him, 'he may not later renew the litigation in another court.'" *Purter*, 771 F.2d at 690 (quoting *Heiser v. Woodruff*, 327 U.S. 726, 733, 66 S.Ct. 853, 856, 90 L.Ed. 970, 976

(1946)). Within these principles, Robertson thus contends, by its present motion, that Epic had an opportunity to present other items of prior art to challenge the Fork patent's validity at the time of the Consent Judgment and, in failing to do so, is now barred from asserting them as a basis for invalidity in the instant declaratory judgment action.

As previously indicated, a consent decree is generally treated as a final judgment on the merits and is entitled to claim preclusive effect. *Interdynamics, supra*. However, an express reservation of rights can limit such preclusion. See *United States v. Athlone Industries, Inc.*, 746 F.2d 977, 983 n. 5 (3d Cir. 1984) (a consent decree is generally treated as a final judgment on the merits and accorded *res judicata* effect, except where there has been an express reservation of rights); *Beehler v. Jeffes*, 664 F.Supp. 931, 935-36 (M.D. Pa. 1986) (consent decree examined to determine if it included an express reservation of rights beyond the effect of claim preclusion); Restatement (Second) of Judgments §26(1)(a), and comment a (1982) (claim [and defense] splitting permissible where parties agree or consent to such splitting). We have already noted our agreement with Epic's assertion that its Consent Judgment with Robertson contained a limitation as to the prior art over which the Fork patent was agreed to be valid, and a corresponding express reservation of Epic's right to challenge the validity of the Fork patent based on prior art not referenced by paragraph 3 of the Consent Judgment, i.e., prior art which was not before the PTO or the *Bargar* court. Because of this express reservation, to which Robertson agreed, we believe it irrelevant that Epic knew or could have known about the prior art, which it now asserts in this action, when it entered the Consent Judgment. Accordingly, we

conclude that the Consent Judgment does not bar Epic from challenging the validity of the Fork patent based on '775 and '505 patents as prior art, and we will deny Robertson's motion for summary judgment.

### **B. Preliminary Injunction**

To the extent that Robertson attempts to carry its burden of proof in showing the validity of the Fork patent through the *res judicata* effect of the Consent Judgment, our previous discussion rules out this line of argument. The Consent Judgment does not preclude Epic's present challenge to the validity of the Fork patent due to the clear reservation previously discussed; therefore, the Consent Judgment does not establish the Fork patent's validity.

Robertson's alternate basis for showing validity is the court decisions in *Bargar, supra*, and *United Steel Deck, supra*. Both dealt with the same Fork patent and found it valid over certain prior art. Robertson submits that these prior adjudications of validity carry its burden of proof with respect to its preliminary injunction motion. We disagree.

While the litigation history of a patent may be given substantial weight and a prior adjudication upholding patent validity after a fully litigated trial, including similar issues of fact and law, contributes strong support to the grant of a preliminary injunction, *United Steel Deck*, 820 F.2d at 389 (discussing reliance on *Bargar* court decision), we do believe a sufficient similarity of litigated facts and issues exists to accord such weight to the *Bargar* and *United Steel Deck* decisions in the controversy before us. In *United Steel Deck*, the circuit court recognized that additional evidence of prior art was presented after the district court below had granted a preliminary injunction.

The district court included the new evidence as part of the record but did not substantively consider it. On appeal, the Court of Appeals for the Federal Circuit found that the new evidence was not properly before it and therefore also did not consider it. See *United Steel Deck*, 820 F.2d at 389. This new evidence was the '775 patent which Epic now asserts as prior art in its argument that the Fork patent is invalid due to obviousness (referred to in *United Steel Deck* as the "Wiesmann patent"). *Id.* Robertson has already admitted that neither the '775 patent nor the '505 patent were before the court in *Bargar*. Robertson's Memorandum in Support of Motion, pp. 12-13. Thus, the items of prior art which Epic now presents have never been previously considered by any court, including those in *Bargar* and *United Steel Deck*, in determining the validity of the Fork patent. Accordingly, we do not believe that the *Bargar* and *United Steel Deck* decisions carry Robertson's burden of proof in its preliminary injunction motion. As Robertson offers no other basis to establish the validity of the Fork patent over the prior art asserted by Epic, we have no choice but to conclude that Robertson has failed to meet its burden of proof, and we will therefore also deny its motion for a preliminary injunction.

We note that Robertson had requested a hearing on its motion. Our present Memorandum Opinion and corresponding Order serve as an implicit denial of that request. Upon reviewing the briefs, we find that oral argument would provide no further aid to our analysis of the legal issues presented, and insofar as Robertson's motion for preliminary injunction presents no factual issues with respect to its burden in showing validity, we did not believe a hearing to be necessary.

An appropriate order will issue.

/s/ MAURICE B. COHILL, JR.,

CHIEF JUDGE

IN THE  
**United States District Court**  
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

EPIC METALS CORPORATION,

*Plaintiff,*

v.

H. H. ROBERTSON COMPANY,

*Defendant.*

Civil Action  
No 86-1714

**ORDER**

AND NOW, to-wit, this 21st day of April, 1988, for the reasons set forth in the accompanying Memorandum Opinion, IT IS HEREBY ORDERED, ADJUDGED and DECREED that defendant H. H. Robertson Company's Motions for Summary Judgment or, in the Alternative, for Preliminary Injunction be and hereby are DENIED.

... /s/ MAURICE B. COHILL, JR. ....  
**CHIEF JUDGE**

cc: WALTER J. BLENKO

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IN THE  
**United States District Court**  
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

H. H. ROBERTSON COMPANY,  
*Plaintiff,*

v.

EPIC METALS CORPORATION,  
*Defendant.*

Civil Action  
No 85-1265

**CONSENT JUDGMENT**

Plaintiff, H. H. Robertson Company ("Robertson"), having filed a Complaint requesting defendant, Epic Metals Corporation ("Epic"), be enjoined from infringing and contributorily infringing United States Letters Patent Number 3,721,051 as appears more fully in the Complaint and prayer for relief therein, and plaintiff and defendant having agreed upon a basis for the adjudication of the matters set forth in the Complaint and the entry of judgment in this action, and due deliberations being had thereon,

It is hereby ORDERED, ADJUDICATED AND DECREED, that a final judgment in favor of plaintiff Robertson and against defendant Epic is hereby granted and entered in this action as follows:

1. The Court has jurisdiction and venue over this action and the parties hereto.
2. Plaintiff Robertson is the owner of United States Letters Patent No. 3,721,051, issued March 20, 1973, and covering an invention of Frank W. Fork described and claimed therein.

3. Subject to sentence two of this paragraph, United States Letters Patent No. 3,721,051 was lawfully granted by the United States Patent and Trademark Office after due consideration. Claims 1, 2, 4, 6, 8, 9, 13 and 14 of said United States Letters Patent No. 3,721,051 are valid over the prior art before the United States Patent and Trademark Office during the pendency of said United States Letters Patent No. 3,721,051, and the prior art considered by the United States District Court in the trial involving said patent, *H. H. Robertson Company v. Bargar Metal Fabricating Co., et al.*, Civil Action No. C80-1166, in the Northern District of Ohio in March 1984.

4. Defendant Epic has infringed and contributorily infringed United States Letters Patent No. 3,721,051. Specifically, Epic has infringed said Letters Patent by actively inducing others to assemble the components of bottomless electrical cable trench sub-assemblies, which Epic has referred to as "intermittent trench" and "IBT trenchduct", in combination with metal cellular flooring to provide electrified floor structures in accordance with Claims 1, 2, 4, 6, 8, 9, 13 and 14 in said Letters Patent; and has contributorily infringed said Letters Patent by selling trench components including a cover plate, opposite sides and horizontal and vertical closure means that when assembled form a subassembly which cooperates with the cellular flooring to form said "intermittent trench" and "IBT trench-duct". Such trench components constitute a material part of the invention described in Claims 1, 2, 4, 6, 8, 9, 13 and 14 of said Letters Patent and were supplied by Epic knowing the same to be especially made and especially adapted for use in infringement of said Letters Patent and not staple articles of commerce suitable for substantial noninfringing use. Such trench components and

resulting assembled electrified floor structures that contributorily infringe and infringe said Letters Patent, respectively, include *inter alia* that shown in Drawing Nos. X8-4806-A1, -A5, -B1 and -D1 dated November 30, 1984, for the Westinghouse Nuclear Center, Monroeville, Pennsylvania, which have been exchanged between the parties.

5. Defendant Epic, together with its officers, agents, servants, employees, successors and assigns, and all persons in active concert or participation with any of them, are hereby enjoined from infringing said Letters Patent, either directly by making, using, or selling the invention of said Letters Patent, or indirectly by actively inducing a third party or aiding or abetting a third party in making, using or selling the invention of said Letters Patent. In furtherance of the foregoing, without limitation thereon, defendant Epic, together with its officers, agents, servants, employees, successors and assigns, and all persons in active concert or participation with any of them, are specifically enjoined from advertising or promoting, in any manner whatsoever, the manufacture, use and/or sale of trench sub-assemblies, including but not limited to those referred to by Epic as "intermittent trench" and "IBT trenchduct", either alone or in combination with metal cellular flooring, to provide bottomless trench electrified floor structures in accordance with the invention claimed in said Letters Patent.

6. Defendant Epic, together with its officers, agents, servants, employees, successors and assigns, and all persons in active concert or participation with any of them, are further enjoined from contributorily infringing said Letters Patent, specifically from making, using, or selling any trench component constituting a material part of the invention claimed in said Letters Patent, knowing the

same to be especially made or especially adapted for use in an infringement of the invention of said Letters Patent, and not a staple article of commerce suitable for substantial noninfringing use.

7. The injunctions of Paragraphs 6 and 7 extend to and include March 20, 1990, when said Letters Patent expires, or, as to any claim therein, to any earlier date on which said claim becomes invalid by reason of a final judgment of a court of competent jurisdiction from which no appeal has been taken, or upon dedication or disclaimer of that claim by Robertson with the injunction continuing in force as to the claims not held invalid or disclaimed.

8. The parties do not by this Consent Judgment take a position on whether or not the trench components and resulting assembled electrified floor structure substantially as illustrated in Exhibit A attached hereto, which Epic may or may not make in the future, would be an infringement or a contributory infringement of United States Letters Patent No. 3,721,051. Defendant reserves the right to contest infringement of the structure substantially as illustrated in Exhibit A on the basis that it is following the prior art or is an obvious modification of the prior art.

9. Plaintiff Robertson hereby releases defendant Epic, its successors and customers from any and all claims for damages arising out of the infringing and contributory infringing acts of defendant relating to United States Patent No. 3,721,051 prior to the date of this Consent Judgment; provided, however, plaintiff Robertson specifically does not hereby release any claim for damages for infringement or contributory infringement of United States Patent No. 3,721,051 against Bargar Metal Fabricating Company, Conduflor Corporation, Butler Manufacturing Company

and/or any person or entity other than Epic, its successors and customers.

10. Each of the parties hereto shall pay their respective attorney fees and costs of suit.

BY THE COURT

...../s/ MAURICE B. COHILL, JR. ....  
UNITED STATES DISTRICT  
COURT

Approved on behalf of Plaintiff H. H. Robertson Company

./s/ ARLAND T. STEIN .....  
Arland T. Stein  
*Attorney for Plaintiff*

Approved on behalf of Defendant Epic Metals Corporation

./s/ ARNOLD B. SILVERMAN .....  
Arnold B. Silverman  
*Attorney for Defendant*

30a

[EXHIBIT A—DRAWING OF FUTURE  
EPIC TRENCH OMITTED]

IN THE  
**United States District Court**  
 FOR THE WESTERN DISTRICT OF PENNSYLVANIA

EPIC METALS CORPORATION,  
*Plaintiff,*

v.

H. H. ROBERTSON COMPANY,  
*Defendant.*

Civil Action  
 No. 86-1714

**MEMORANDUM OPINION**  
 (Filed August 31, 1988)

COHILL, C.J.

Presently before us are defendant H. H. Robertson Company's ("Robertson") "Motion Under Fed. R. Civ. P. 52(b) to Amend the Findings and Make Additional Findings and Amend the Judgment Accordingly Denying Summary Judgment or a Preliminary Injunction" and plaintiff Epic Metals Corporation's ("Epic") Motion to Disqualify Counsel for Robertson. For the reasons set forth below, we will deny both motions.

**Background**

Epic filed the above-captioned action against Robertson seeking a declaratory judgment that U.S. Patent No. 3,721,050 (the "Fork Patent"), which belongs to Robertson, is invalid due to obviousness; Epic also asks the Court to hold that an electrified floor structure which Epic made and sold for installation in the Citibank Building near Rochester, New York (the "Citibank structure") does not infringe the Fork patent.

Robertson asserts in a counterclaim that the Fork patent is valid, that the Citibank structure does infringe the Fork patent and seeks injunctive relief and damages for this alleged infringement.

Based on its counterclaims, Robertson filed a "Motion for Summary Judgment on Validity and Infringement or, in the Alternative, for Preliminary Injunction" on November 10, 1987. In essence, Robertson contended by that motion (and continues to contend by its present motion) that a prior Consent Judgment between Epic and Robertson, which was entered by this Court at Civil Action No. 85-1265, forecloses Epic's ability to question the validity of the Fork patent. As described in our Memorandum Opinion of April 21, 1988, in which we denied Robertson's first motion, the Consent Judgment states, at Paragraph 3, that claims 1, 2, 4, 6, 8, 9, 13 and 14 of the Fork patent are valid over the prior art before the U. S. Patent and Trademark Office ("PTO") during the pendency of the Fork patent, as well as the prior art considered by the court in *H. H. Robertson Co. v. Bargar Metal Fabricating Co. and Conduflor Corp.*, 225 U.S.P.Q. 1191 (N.D. Ohio 1985).

It was Robertson's contention that Paragraph 3 of the Consent Judgment precludes any attack on the validity of the Fork patent based on any prior art which could have been raised in the negotiation of the Consent Judgment, as well as the prior art specified in the Consent Judgment. In this action, Epic alleges obviousness based on at least four items of prior art which are not specified among the Paragraph 3 references—U.S. Patent Nos. 2,689,775 ("the '775 patent") and 3, 144, 505 ("the '505 patent") and the Flexiflor and Granco Catalogs. Robertson argued that Epic knew about or could have discovered these items of prior art at the time the Consent Judgment was negotiated. See



Robertson's Memorandum in Support of Motion for Summary Judgment or Preliminary Injunction, 13. Therefore, Robertson contended that Epic's present challenge to the validity of the Fork patent was precluded. Because of such preclusion and based on additional arguments and allegations that no genuine issues of material fact exist as to whether the Citibank structure infringes the Fork patent, Robertson therefore requested summary judgment in its favor.

Alternatively, Robertson sought a preliminary injunction. Of particular relevance to the present motion, Robertson claimed it had carried its burden of proof in showing the Fork patent to be valid through the *res judicata* effect of the Consent Judgment as well as through the court decisions in *Bargar, supra* and in *H. H. Robertson Co. v. United Steel Deck, Inc.*, 820 F.2d 384 (Fed. Cir. 1987), wherein the Fork patent was held to be valid over prior art.

We denied Robertson's motion. We concluded that the Consent Judgment operated to preclude challenges to the Fork patent's validity based on the prior art specified in Paragraph 3; we did not adopt Robertson's suggested construction of the Consent Judgment whereby challenges based on other prior art about which Epic "knew or could have discovered at the time the Consent Judgment was negotiated" would also be precluded. Our conclusion was based on specificity with which Paragraph 3 was drafted as well as Epic's reservation in Paragraph 8 of the Consent Judgment of "the right to contest infringement of the structure substantially as illustrated in Exhibit A [of the Consent Judgment] [which is similar to the Citibank structure] on the basis that it is following the prior art or in an obvious modification of the prior art." We found that an implied ban did not exist which would prevent challenges

based on unspecified prior art of which Epic "knew or could have discovered." Accordingly, we denied Robertson's motion for summary judgment.

We further concluded that the Consent Judgment does not operate to carry Robertson's burden of proof regarding the validity of the Fork patent in the context of its motion for preliminary injunction. As for Robertson's claims that its burden of proof was otherwise satisfied by the previous court decisions in *Bargar* and *United Steel Deck*, it was our opinion that these decisions do not conclusively establish the Fork patent's validity in this action since neither opinion addressed the four items of prior art which are not specifically referenced by the Consent Judgment.

By its present motion, Robertson primarily contends that our construction of the Consent Judgment was erroneous. It submits two affidavits—one from Donald W. Banner, former United States Commissioner of Patents and Trademarks (the "Banner Affidavit") and the other from Frederick H. Colen, an attorney with Reed, Smith, Shaw & McClay, who represents Robertson (the "Colen Affidavit"), which, according to Robertson, establish "that Paragraphs 3 and 8 of the Consent Judgment by reasonable interpretation and by intent of the parties foreclosed the defense of invalidity based on prior art which was known or could reasonably have been known to Epic at the time of the Consent Judgment, and that there is no genuine issue in dispute as to these facts." Defendant's Brief in Support of Motion Under Rule 52(b), 1 ("Defendant's Brief"). Consequently, Robertson asks us to make new and additional findings consistent with this argument and grant its previous motion for summary judgment.

Robertson further argues in its instant motion that if summary judgment is not granted, a preliminary injunction should be issued. As for its burden of proof on the validity of the Fork patent, Robertson contends that the court decisions in *Bargar* and *United Steel Deck* provide a "clear showing" of the Fork patent's validity. Robertson also submits a further decision of the court in *Bargar*, wherein that court, in denying a motion to set aside its judgment, found that the '775 patent does not invalidate the Fork patent due to obviousness. Defendant's Brief, 10; Defendant's Ex 31. The '775 patent is one of the four items of prior art, not specifically mentioned in the Consent Judgment, upon which Epic's challenge is based. In addition, Robertson has provided the affidavits of James P. Romualdi and Frank W. Fork (the "Romualdi Affidavit" and "Fork Affidavit," respectively) which address the prior art cited by Epic and conclude that such prior art does not render the Fork patent invalid.

Epic has responded to Robertson's present motion by questioning the propriety of (1) the motion's basis in Rule 52(b); and (2) Robertson's submission of new evidence. Epic claims that Robertson presents no new arguments and that its motion should therefore be denied under law of the case principles. In addition, Epic moves for disqualification of Mr. Colen as counsel for Robertson insofar as he might act as a witness for Robertson by virtue of his evidentiary affidavit.

Robertson has countered with a reply and supplemental brief in which it directs us to a third court decision, *H. H. Robertson Co. v. Mac-Fab Products, Inc.*, C.A. No. 85-2687 c(5) (E.D. Mo. May 20, 1988), in which the Fork patent was allegedly found to be valid over all of the prior art presently advanced by Epic. Additional affidavits from

Frederick Colen and James P. Romualdi accompany this reply brief and attest to the scope of investigation into prior art which was made by the court in *Mac-Fab*.

### Discussion

We note at the outset that Rule 52(b) provides a sufficient basis for Robertson's motion, even though this motion seeks reconsideration of legal conclusions, while Rule 52(b) does not explicitly refer to reconsideration of conclusions of law.

Our opinion regarding the legal effect of the Consent Judgment and the conclusiveness of the *Bargar* and *United Steel Deck* decisions is primarily a conclusion of law rather than a finding of fact. Robertson speaks throughout its brief of errors we made in our *interpretation* of the Consent Judgment. We agree that to the extent our reading of Paragraph 8 of the Consent Judgment is at issue, interpretation was involved and factual findings were made in that regard. Divining the legal effect of the Consent Judgment under principles of *res judicata*, however, requires *construction* of the Consent Judgment, and our conclusions with respect to the legal consequences of the Consent Judgment were based on law rather than fact. See *Nicholson Construction Co. v. Standard Fire Ins. Co.*, 760 F.2d 74, 76 (3d Cir. 1985) (contract construction is a matter of law distinguishable from contract interpretation; construction involves the process by which legal consequences are made to follow from the terms of the contract and its more or less immediate context and from a legal policy or policies that are applicable to the situation). It is these conclusions more than any factual findings we made which Robertson asks us to reconsider.

However, Rule 52(b) is complemented by Rule 59, which authorizes a district court to order a new trial or alter or amend a judgment, and these rules, read together, allow a district court to alter or add to its conclusions of law where appropriate. *United States Gypsum Co. v. Schiavo Bros., Inc.*, 668 F.2d 172, 180 n.9 (3d Cir. 1981). Robertson's failure to refer to Rule 59 does not prejudice its entitlement to the relief available through Rules 52(b) and 59 together. *Id.* at 179 n.8 (Rule 52(b) and Rule 59 are closely related and a movant should not be prejudiced by an erroneous rule reference, but should be granted whatever relief his motion shows him to be entitled). In effect, Robertson's motion will be treated as a "motion for reconsideration."

In this context, we look first at Robertson's request that we reconsider our interpretation and construction of the Consent Judgment. In so doing we find that Robertson's submission of additional affidavits is of questionable propriety. While affidavits may be filed in support of a motion for reconsideration, *see* Rule 59(c) (providing for service of affidavits in support of a motion for new trial), the affidavits submitted by Robertson here go beyond providing reasons why reconsideration should occur; they provide additional evidentiary support for Robertson's original motion, which arguably should have been submitted with that motion.

However, regardless of their propriety, these additional evidentiary submissions do not convince us that our construction of the Consent Judgment was incorrect.

Robertson submits, through the Banner and Colen affidavits, that our interpretation of the Consent Judgment was erroneous insofar as we found that Paragraph 8 of the

Consent Judgment expressly reserves Epic's right to contest the validity of the Fork patent. Mr. Banner states that Paragraph 8 does not reserve to Epic the defense of invalidity but rather permits Epic to defend on the "basis" stated—that the design in Exhibit A of the Consent Judgment, utilized in the Citibank structure, follows or is an obvious modification of prior art. Banner Affidavit, ¶4. Mr. Colen, referring to correspondence between the parties, avers that Paragraph 8 was designed to anticipate a situation where the patent considered literally might have claims which are valid, but efforts to stretch those claims to embrace the product at Exhibit A could result in claims being unenforceable in that scope, whereby no infringement exists. Colen Affidavit, ¶5. Mr. Colen asserts that Paragraph 8 was carefully drafted so as to prohibit Epic from challenging the Fork patent's validity in future litigation, and also that the reservation made in Paragraph 8 is the *only* basis by which Epic can argue noninfringement of the Fork patent by the Exhibit A product. *Id.* at ¶4.

We must agree that our interpretation of Paragraph 8 was incorrect—there is not an express reservation of Epic's right to challenge the validity of the Fork patent. However, we are convinced that our construction of the Consent Judgment for *res judicata* purposes is correct. It is clear that Epic has some latitude to argue that the Fork patent is invalid due to obviousness. Robertson concedes in its brief in support of its present motion that "Paragraph 3 of the Consent Judgment . . . qualifies Paragraph 8 to the extent of allowing a later challenge to validity based on prior art which Epic did not know of and could not reasonably know of at the time of entry of the Consent Judgment." Defendant's Brief, 5. Mr. Colen also acknowledges this same "right [of Epic] to attack the validity of the patent."

Colen Affidavit, ¶7. Thus, Epic is not entirely foreclosed from using the defense of invalidity. Accordingly, we reiterate that claims preclusion and its principles concerning the preclusion of matters which could have been but were not previously raised is of no aid to Robertson.

Robertson is attempting to define the particular *issues* which Epic may or may not litigate in asserting its defensive *claim* that the Fork patent is invalid due to obviousness. Accordingly, we have before us principles of *issue* preclusion rather than *claim* preclusion. As we noted in our previous Memorandum Opinion addressing Robertson's motion for summary judgment or preliminary injunction, consent judgment are issue preclusive only where the parties clearly intend such a result. Memorandum Opinion, 7. Thus, as we further indicated, *id.* at 8, the Consent Judgment only precludes Epic from arguing that the prior art actually referenced in Paragraph 3 renders the Fork patent invalid. We may not and will not compensate for Robertson's failure to spell-out in Paragraph 3 the additional items of prior art which it seeks to prevent Epic from asserting in this litigation. Again, Paragraph 3 is quite specific as to the prior art over which the Fork patent is agreed to be valid, and we have no clear evidence that the parties mutually intended by the Consent Judgment that the Fork patent would also be valid over items of prior art within Epic's knowledge or which Epic could have discovered through reasonable investigation at the time the Consent Judgment was negotiated.

Furthermore, to the extent that Robertson may have intended by implication to completely preclude future challenges by Epic in the manner suggested by Robertson, this unilateral intention is simply meaningless. Needless to say, any implied contractual condition must reflect the



*mutual* intention of the parties. To this end, the views of someone such as Mr. Colen, who represented *one* of the parties to the Consent Judgment, are naturally not conclusive to establish mutual intention.

Robertson argues, though, through the Banner Affidavit, that to permit such a challenge would render the Consent Judgment “substantially unenforceable” and would therefore be at odds with the fundamental principle that a contract should be construed to give reasonable, lawful and effective meaning to all parts of the contract. Defendant’s Brief, 4-5; Banner Affidavit, ¶¶5-6. We disagree.

First, the Consent Judgment was designed primarily to resolve an infringement dispute between Epic and Robertson before this Court at Civil Action No. 85-1265. Epic admitted liability for having infringed and contributorily infringed the Fork patent by making and selling component parts for particular bottomless electrical cable trench sub-assemblies which Epic referred to as the “intermittent trench” and “IBT trenchduct.” In that context, the Consent Judgment is very enforceable—Epic cannot relitigate its liability for infringement of the Fork patent with respect to those sub-assemblies.

Robertson contends that the Consent Judgment was also designed to foreclose future challenges to the Fork patent’s validity by Epic. However, as Robertson acknowledges, Epic may make such a challenge in certain circumstances. The language of Paragraph 3 imposes very specific limitations on Epic’s ability to challenge validity; Epic and Robertson agreed that the identified claims of the Fork patent are valid over the prior art considered by the PTO and the *Bargar* court, during trial, in connection with the



Fork patent. Thus, we do not agree with Robertson's assertion that our construction of the Consent Judgment renders Paragraph 3 "substantially unenforceable" by allowing Epic to question the validity of the Fork patent by asserting prior art not referenced by Paragraph 3 but of which Epic knew or should have shown at the time the Consent Judgment was negotiated. If Robertson intended to preclude Epic from mounting a challenge to the Fork patent's validity based on prior art of which Epic knew or should have known at the time the Consent Judgment was entered, it would have been simple enough to incorporate this language into the Consent Judgment.

Thus, Robertson's present motion will be denied to the extent that it seeks reconsideration of its prior motion for summary judgment or preliminary injunction based on the preclusive effect of the Consent Judgment. We conclude once again that the Consent Judgment does not preclude Epic from challenging the Fork patent's validity based on the '775 and '505 patents as well as any other prior art not specified in Paragraph 3. We do not determine at this time what other particular items of prior art Epic may assert, nor do we offer any opinion on the aspects of Robertson's summary judgment motion relating to infringement and contributory infringement of the Fork patent by the Citibank structure. As for Robertson's motion for preliminary injunction, we again conclude that the Consent Judgment does not establish the Fork patent's validity in the instant action.

We therefore turn to Robertson's "back-up" argument—that we erred in concluding that Robertson failed to meet its burden of showing a probability of success on the issue of the Fork patent's validity. As previously

explained, Robertson first asks us to re-examine our conclusion that the decisions in *Bargar* and *United Steel Deck* do not provide a “clear showing” of the Fork patent’s validity. We find no reason to alter our opinion. We reiterate that *Bargar* and *United Steel Deck* did not discuss all of the prior art which Epic now asserts; this Court is very uncomfortable with Robertson’s suggestion that a review of this additional prior art is unnecessary even though the *Bargar* and *United Steel Deck* courts did not consider it. Indeed, the case which Robertson cites in support of its argument that the prior adjudications in *Bargar* and *United Steel Deck* are conclusive, *Atlas Powder Co. v. Irengo Chemicals*, 773 F.2d 1230 (Fed. Cir. 1985), speaks only of “rearguing references previously considered” by the PTO and other courts. 773 F.2d at 1232. There was apparently no previously unconsidered prior art before the court in *Atlas*.

Robertson next directs us to the further decision of the *Bargar* court, where, in the context of a motion to set aside the judgment, it was held that the ’775 patent does not render the Fork patent obvious. This evidence also does not rise to the level of “clear showing” needed to carry Robertson’s burden of proof on validity. The ’775 patent is only one of the four items of prior art asserted by Epic which are not encompassed by Paragraph 3. Neither the *Bargar* nor the *United Steel Deck* opinions considered the other three items—the ’505 patent and the Flexiflor and Granco catalogs. See Defendant’s Brief, 10-11 (recognizing these items of prior art as well as the ’775 patent as prior art not considered in the *Bargar* and *United Steel Deck* opinions).

Robertson supplies the Romualdi and Fork Affidavits in an attempt to fill this gap. The Romualdi Affidavit, in

particular, addresses these remaining three items of prior art. Dr. Romualdi avers that, in his opinion, these items do not render the Fork patent obvious. Thus, Robertson finally invites us to examine the merits of Epic's claims that the Fork patent is invalid due to obviousness derived from the additional prior art it now asserts. Up until now, Robertson has attempted to prevent any such direct review by arguing that the validity of the Fork patent is established through the preclusive effect of the Consent Judgment and the prior determinations of validity in *Barger* and *United Steel Deck*.

We decline Robertson's invitation at this late stage of our consideration of Robertson's motion for preliminary injunction. No such invitation and supporting evidence was submitted with Robertson's original motion, although such submissions could have been made at that time. We do not believe it proper for Robertson to offer this evidence now, in the context of a motion for reconsideration, when it chose not to do so originally.

It is time for this case to move ahead towards a final resolution. Even if we were to determine that these recently offered affidavits are properly before us, they are not conclusive on the issue of validity; they raise factual issues which would need to be resolved in the context of an evidentiary hearing on the preliminary injunction motion, along with issues of infringement and irreparable harm. Such a hearing would not finally resolve the dispute between the parties, though. In the event a preliminary injunction were granted, Robertson's damage claims would still be unresolved. On the other hand, if the preliminary injunction were denied, none of Robertson's claims would be resolved. Approximately two years have passed since the complaint in this action was filed; for reasons of

judicial economy any analysis of the merits of Epic's claims of invalidity should be done in the context of a final and complete hearing.

Finally, in its Reply Brief, Robertson offers the *Mac-Fab* case along with supplemental affidavits from Mr. Colen and Mr. Romualdo in a last attempt to satisfy Robertson's burden of proof on the validity question in its motion for preliminary injunction. *Mac-Fab* also found the Fork patent to be valid and specifically addressed the '775 patent in making this conclusion. Through the aforementioned supplemental affidavits, Robertson argues that the *Mac-Fab* court also considered all of the additional prior art which Epic asserts. Thus, Robertson contends that it has established by a clear showing that the Fork patent is valid.

While the submission of this evidence is more proper (*Mac-Fab* was not resolved until May 20, 1988—almost a month after our denial of Robertson's original motion for summary judgment or preliminary injunction), we still conclude that insufficient evidence exists to establish the Fork patent's validity. As previously mentioned, the *Mac-Fab* opinion gives express consideration to the '775 patent; however, it makes no mention of the three other items of prior art which Epic asserts—the '505 patent and the Flexiflor and Granco Catalogs. Robertson "explains" through the supplemental affidavits of Messrs. Colen and Romualdo that the *Mac-Fab* court also considered these other prior art references. These supplemental affidavits are simply inadequate to establish what the court did or did not consider.

First, while these affidavits may properly describe the evidence which was submitted in the *Mac-Fab* case, they constitute hearsay to the extent they are offered as proof of

what the court did or did not consider. In order for this Court to rely on a prior adjudication as conclusive evidence of validity, the written opinion should reflect consideration of the same prior art as is before us.

Second, since the court in *Mac-Fab* did not specify the prior art it considered, the affidavits raise factual issues regarding the evidence presented to, and considered by, the *Mac-Fab* court. Even if the affidavits can be properly taken as evidence of what the court "considered," they cannot be conclusive. The issue of the prior art references before the *Mac-Fab* court should be explored, if anywhere, at an evidentiary hearing. However, since it is our opinion that any hearing in this case should be directed to a final resolution of the controversy between the parties, and since the findings relating to the particular references before the *Mac-Fab* court may not be conclusive in any event, there will be no special hearing to resolve these issues.

For all of these reasons, we conclude that Robertson has yet to establish the validity of the Fork patent. Genuine issues of material fact persist. The appropriate vehicle for resolution of these issues is a final hearing on all claims and defenses submitted by the parties. Accordingly, Robertson's motion for reconsideration of our denial of its request for a preliminary injunction will also be denied.

We will deny Epic's motion to disqualify counsel since we are denying Robertson's present motion and consequently have not relied upon Mr. Colen's affidavit. If Mr. Colen later indicates that he will appear as a witness in this case, however, Epic may renew its motion. We hope that such matters will not sidetrack this case from the substantive resolution of the parties' dispute.

## Conclusion

It is clear that Robertson, for whatever reasons, desires to resolve this case in a summary fashion without full consideration of Epic's assertion that the Fork patent is invalid due to obviousness. As we have concluded, however, summary resolution of the validity issue is not warranted in this case. Counsel for Robertson has failed to appreciate the legal effect of the Consent Judgment and, in not submitting all of its arguments and evidence in support of its preliminary injunction motion, has wasted its client's money and our time and has delayed the proceedings to the point that we now believe it appropriate for all remaining claims and defenses to be addressed in a final hearing. To that end we shall include with this Memorandum Opinion and accompanying Order, an Order and Notice of Pretrial Procedure, invoking Local Rule 5(II). As discovery in this case was initiated no later than May 12, 1987, *see* Defendant's Motion to Compel Discovery, filed May 12, 1987, we will order that any further discovery end within approximately sixty (60) days, i.e., by November 1, 1988.

An appropriate order will issue.

/s/ MAURICE B. COHILL, JR.

CHIEF JUDGE

IN THE  
**United States District Court**  
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

EPIC METALS CORPORATION,  
*Plaintiff,*

v.

H. H. ROBERTSON COMPANY,  
*Defendant.*

Civil Action  
No. 86-1714

**ORDER**

AND NOW, to-wit, this 31st day of August, 1988, for the reasons set forth in the accompanying Memorandum Opinion, IT IS HEREBY ORDERED, ADJUDGED AND DECREED that defendant H. H. Robertson Company's Motion Under Fed. R. Civ. P. 52(b) to Amend the Findings and Make Additional Findings and Amend the Judgment Accordingly Denying Summary Judgment or a Preliminary Injunction be and hereby is DENIED. IT IS FURTHER ORDERED that plaintiff Epic Metals Corporation's Motion to Disqualify Counsel for the defendant be and hereby is DENIED.

/s/ MAURICE B. COHILL, JR.,  
CHIEF JUDGE

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AUG 30 1989

JOSEPH F. SPANIOL, JR.  
CLERK

No. 89-251

IN THE  
**Supreme Court of the United States**

OCTOBER TERM, 1989

EPIC METALS CORPORATION,

*Petitioner,*

v.

H. H. ROBERTSON COMPANY,

*Respondent.*

On Petition for a Writ of Certiorari to the United  
States Court of Appeals for the Federal Circuit

**BRIEF IN OPPOSITION TO PETITION FOR WRIT  
OF CERTIORARI TO THE UNITED STATES COURT  
OF APPEALS FOR THE FEDERAL CIRCUIT**

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(i)

## QUESTIONS PRESENTED

Respondent, H. H. Robertson Company, does not agree with petitioner's statement of questions presented. The only questions properly presented are as follows:

1. Did the Court of Appeals for the Federal Circuit have jurisdiction with respect to Robertson's appeal from the district court's order denying Robertson's motion for preliminary injunction?
2. Did the Court of Appeals properly hold that a consent judgment in an earlier patent infringement action is *res judicata* in a subsequent patent infringement action between the same parties and involving the same patent except as to issues expressly reserved in the consent judgment?

(ii)

### **CERTIFICATE OF INTEREST**

The Counsel of record for H. H. Robertson Company (Defendant-Respondent) certifies as follows:

(a) H. H. Robertson Company is the full name of the party represented by counsel of record for it in this case.

(b) H. H. Robertson Company is the real party in interest.

(c) H. H. Robertson Company is a corporation organized under the laws of the Commonwealth of Pennsylvania and has no publicly-held affiliates.

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IN THE  
**Supreme Court of the United States**

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OCTOBER TERM, 1989

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EPIC METALS CORPORATION,  
*Petitioner,*  
v.  
H. H. ROBERTSON COMPANY,  
*Respondent.*

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On Petition for a Writ of Certiorari to the United  
States Court of Appeals for the Federal Circuit

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**BRIEF IN OPPOSITION TO PETITION FOR WRIT  
OF CERTIORARI TO THE UNITED STATES COURT  
OF APPEALS FOR THE FEDERAL CIRCUIT**

---

**COUNTERSTATEMENT OF THE CASE**

In 1973, the United States Patent and Trademark Office granted Robertson's<sup>o</sup> application for the Fork patent for an electrified floor structure, of which a trench subassembly is a part. The Fork patent was held valid and infringed after two plenary bench trials, *H. H. Robertson Company v. Bargar Metal Fabricating Company and Conduflor Corporation*, 225 USPQ 1191 (N.D. Ohio 1984) and *H. H. Robertson Company v. Mac-Fab Products, Inc.*, Civil Action No. 85-2678-C

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<sup>o</sup>In this Brief in Opposition, respondent H. H. Robertson Company is referred to as "Robertson," petitioner Epic Metals Corporation as "Epic" and U.S. Patent No. 3,721,051, issued March 20, 1973, and owned by Robertson is generally referred to as "the Fork patent."

(E.D. Mo. 1988), and in a third case, *H. H. Robertson Company v. United Steel Deck, Inc. and Nicholas J. Bouras, Inc.*, Civil Action No. 84-5357 (D. N.J. 1986), *aff'd*, 820 F.2d 384, 2 USPQ 2d 1926 (Fed. Cir. 1987), Robertson obtained a preliminary injunction against infringement that was affirmed on appeal. In the present case, Robertson seeks for the second time to prevent Epic from infringing the Fork patent.

The first action between Robertson and Epic (W.D. Pa. Civil Action No. 85-1265) ended with the entry of a consent judgment that the Fork patent was valid and infringed. (App. 25a-30a). In paragraph 8 of the consent judgment, Epic referenced a possible future product illustrated in Exhibit A to the consent judgment, and expressly reserved the right to contend that the Exhibit A floor structure would not infringe the Fork patent on the basis that it follows the prior art or is an obvious modification of the prior art. (App. 28a). As the court of appeals found, this was the only reservation contained in the consent judgment. (App. 6a-7a, 25a-30a).

The present case involves the Exhibit A floor structure, which Epic made and sold for installation at various locations such as the Citibank Building in Rochester, New York. (App. 15a). After Robertson filed a petition to initiate civil contempt proceedings and Epic filed a declaratory judgment action, the district court determined that the declaratory judgment action would provide the proper setting for resolution of the parties' dispute. (App. 15a).

Robertson subsequently filed "Motions for Summary Judgment on Validity and Infringement or, in the Alternative, for a Preliminary Injunction" and requested a hearing before the district court. (App. 13a-24a). The district court (Cohill, C.J.) expressly noted that Robertson had moved both for summary judgment as to the

entire declaratory judgment action and, in the alternative, for a preliminary injunction enjoining Epic from infringing the Fork patent. The district court addressed and denied these motions separately, and also denied Robertson's subsequent motion under Fed. R. Civ. P. 52(b). The district court's denial of the motion for preliminary injunction was based on its determination, bottomed on its interpretation of paragraph 3 of the consent judgment, that the consent judgment did not preclude Epic from relitigating the validity of the Fork patent. (App. 13a-47a).

Robertson appealed the denial of the motion for preliminary injunction to the Court of Appeals for the Federal Circuit. In a panel decision, the Federal Circuit reversed the decision of the district court, holding that, in denying Robertson's motion for preliminary injunction, the district court erred "as a matter of law in not precluding Epic from relitigating validity." (App. 7a). Applying *res judicata* principles of the Court of Appeals for the Third Circuit, the Federal Circuit held that Epic was precluded from relitigating the issue of validity by its failure to expressly reserve this issue in the consent judgment. (App. 5a-8a). The court of appeals vacated the district court's order and remanded the case to the district court. (App. 8a).

The court of appeals also denied Epic's motion to dismiss the appeal for lack of jurisdiction, holding (Rich, J.)<sup>°°</sup> that a district court order granting or denying a preliminary injunction is appealable under 28 U.S.C. § 1292(a)(1). Epic also argued the jurisdiction issue before the panel, which rejected the argument for the same reasons expressed by Judge Rich. (App. 4a). Epic raised the jurisdiction issue for the third time in a

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<sup>°°</sup> Judge Rich's Order was not attached to the petition for certiorari and is reproduced herewith as Exhibit I.



Petition for Rehearing and a Suggestion that Such Rehearing be in Banc, in which Epic also requested rehearing with respect to the panel's decision on the merits. The petition for rehearing was denied on May 4, 1989 (App. 12a) and the suggestion for rehearing in banc was separately denied on June 5, 1989.

On August 1, 1989, Epic filed a petition for certiorari to the Supreme Court of the United States.

## REASONS FOR DENYING THE WRIT

### I. The Federal Circuit Court of Appeals had Jurisdiction to Consider Robertson's Appeal

In the first and second points of its argument, Epic contends, based on this Court's decision in *Switzerland Cheese Association v. Horne's Market*, 385 U.S. 23 (1966), that the Court of Appeals for the Federal Circuit did not have jurisdiction to hear Robertson's appeal. This argument is incorrect and is based on a fundamental misunderstanding of the *Switzerland Cheese* case. Further, Epic points to no conflict in the circuits to merit this Court's consideration of this issue.<sup>1</sup>

Epic states that *Switzerland Cheese* held that the "denial of a motion for summary judgment *and* for an injunction" because of unresolved issues of fact was not appealable under Section 1292(a)(1). (Petition, at 8, 9) (emphasis added). This description is not accurate. Instead, in *Switzerland Cheese*, petitioners moved *only* for summary judgment that they were entitled to a

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<sup>1</sup> Epic argues that because of the exclusive jurisdiction of the Federal Circuit for patent appeals, "there is no possibility for the issue to be passed upon by other courts of appeals . . ." (Petition, at 10). Epic wholly fails to explain why this procedural setting has not or could not arise in any circuit, and provides no contrary analysis from any other court.

permanent injunction. The district court ruled only that factual issues precluded denial of summary judgment, and did not finally deny the injunction:

It is equally clear that the district court did not finally deny a permanent injunction, but merely held that in the present posture of the case there is an issue of fact making a summary judgment inappropriate.

*Switzerland Cheese Ass'n v. Horne's Market*, 351 F.2d 552, 553 (1st Cir. 1965).

By contrast, in the present case Robertson moved for summary judgment as to the entire case *and*, in the alternative, for a preliminary injunction. The district court addressed these motions separately, both with respect to Robertson's original motion and its subsequent motion under Fed. R. Civ. P. 52(b). Unlike the district court in *Switzerland Cheese*, the district court explicitly and finally denied Robertson's motion for preliminary injunction, including its request for a hearing, and the court of appeals properly accepted jurisdiction of Robertson's appeal. 28 U.S.C. § 1292(a)(1) and (c).

In sum, Robertson appealed from the denial of a preliminary injunction rather than, as Epic persists in arguing, from the denial of summary judgment. The express language of Section 1292 permits an interlocutory appeal from the "refusing" of an injunction and this rule was not changed by this Court in the *Switzerland Cheese* case.

## II. The Federal Circuit Correctly Reversed the Decision of the District Court

In the third point of its petition, Epic contends that the Court of Appeals for the Federal Circuit erred in ruling that Epic was precluded by the consent judgment

from relitigating the issue of validity. While Epic seeks to cast this as an issue of general importance worthy of review by this Court, its essential claim is that the court of appeals ruled erroneously on the narrow and specific facts of this case. Epic's position is neither correct nor a matter of general importance.

First, the court of appeals' decision is correct. The court held that a party to a consent judgment seeking to reserve an issue for future resolution must do so expressly, as Epic did in paragraph 8 with respect to certain infringement issues, but did not do with respect to the issue of validity. This rule is fair and workable as a general matter and yields a correct result in the present case.

Second, the Federal Circuit's decision is consistent with this Court's decisions in *United States v. ITT Continental Baking Co.*, 420 U.S. 223 (1975) and *United States v. Armour & Co.*, 402 U.S. 673 (1971). These cases hold that a consent decree is to be construed for enforcement purposes as a contract to be interpreted within its "four corners," subject only to construction aids available in construing any contract. See *ITT*, 420 U.S. at 233-238. While Epic contends summarily that the Federal Circuit's decision conflicts with the *ITT* and *Armour* cases, it is clear that Epic's dispute is not with the method of analysis employed by the Federal Circuit, but with its conclusion.<sup>2</sup>

Third, Epic incorrectly contends that the Federal Circuit is creating a "special exception" for interpreting

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<sup>2</sup> Epic also contends that Robertson conceded that Epic had some right to attack the validity of the patent. This purported admission, argued unsuccessfully by Epic below, is taken completely out of context and in fact deals with Robertson's view that Epic at one time had a right to seek relief from the consent judgment under Fed. R. Civ. P. 60.

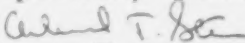
consent judgments in patent cases. To the contrary, the Federal Circuit's decision was expressly based on the applicable *res judicata* principles of the Court of Appeals for the Third Circuit. (App. 5a).

Finally, Epic's contention that the public interest favors review of this case is also unfounded. (Petition, at 13,14). In fact, the public interest favors the result reached by the Federal Circuit. After obtaining a judgment that its patent is valid and infringed, a patent owner should not have to reitigate the entire case each time the infringer produces a variation of the infringing product. The decision in this case instead places the burden on the infringer to expressly reserve any issue it wishes to defer for another day. This decision serves the public interest in protecting patent rights and minimizing litigation and provides a clear standard upon which both parties to a consent decree can rely.

### CONCLUSION

For the reasons stated above, respondent H. H. Robertson Company respectfully requests that the Petition for Certiorari be denied.

Respectfully submitted,

  
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*Of Counsel,*  
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JAMES G. UBER

Dated: August 30, 1989

Note: This Order has not been prepared for publication in a printed volume because it does not add significantly to the body of law and is not of widespread legal interest. It is a public record. It is not citable as precedent.

**UNITED STATES COURT OF APPEALS**  
**FOR THE FEDERAL CIRCUIT**

EPIC METALS CORPORATION,	}	88-1648
<i>Plaintiff-Appellee,</i>		
v.		
H. H. ROBERTSON COMPANY,		
<i>Defendant-Appellant.</i>		

**ON MOTION**

Before RICH, Circuit Judge.

**ORDER**

H. H. Robertson Company moves for an expedited briefing schedule and hearing. Epic Metals Corporation opposes the motion. Epic moves to dismiss. Robertson opposes the motion.

On April 21, 1988, in a single order, the United States District Court for the Western District of Pennsylvania denied Robertson's motions for summary judgment and for a preliminary injunction. On August 31, 1988, the district court denied Robertson's Fed. R. Civ. P. 52(b) motion.

Robertson appealed. Its amended notice of appeal states that it is appealing:

from the ORDER denying a Preliminary Injunction, entered in this action on April 21, 1988, and the ORDER, on timely filed motion under Fed. R. Civ. P. 52(b), denying amendment of findings and making additional findings and amendment accordingly

of judgment denying a Preliminary Injunction, entered in this case on August 31, 1988.

Here, Robertson moves to expedite the briefing schedule, stating that it will file its brief within 10 days of a ruling on its motion. Because Robertson is willing to "self-expedite," we will grant its motion and direct Epic to file its brief within 30 days after service of Robertson's brief.

With respect to the motion to dismiss, Robertson has a right under 28 U.S.C. § 1292(a)(1), (c)(1) to appeal from a district court order denying a preliminary injunction. Robertson's amended notice of appeal indicates that it is appealing solely from that order and not from the denial of its summary judgment motion. Accordingly, Epic's motion to dismiss will be denied.

Upon consideration thereof,

IT IS ORDERED THAT:

- (1) Robertson's motion to expedite is granted.
- (2) Robertson's brief is due 10 days from the date this order is filed.
- (3) Epic's brief is due 30 days after service thereof.
- (4) Robertson's reply brief is due within 10 days after service thereof.
- (5) Oral argument, if directed, will be scheduled when feasible.
- (6) Epic's motion to dismiss is denied.

26 Oct. '88	/s/ GILES S. RICH
.....	.....
Date	Giles S. Rich
	Circuit Judge

cc: Arland T. Stein, Esq.  
Walter J. Blenko, Jr., Esq.

